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- 1. North Kwangtung Province is undefended and the Chinese Communists can take Canton any time. Ceneralissimo CHIANG Kai-shek has deprived Kwangtung of all capable offensive troops. Even most of the Nationalist 65 Army, which is still effective, is now in Hsian under HU Tsung-nan. The troops remaining in Kwangtung are local pacification troops and units composed of raw recruits.
- 2. CHANG Fa-kuei believes that Canton may fall before Shanghai is taken. He claims that for a long time the Chinese Communists have had the slogan "Isolate Hankow, occupy Nanking, liquidate Shanghai and hack Canton to bits."
- 3. Chinese Communist General CHEN Yi gave 1,000 gold bars to various Nationalist commanders to permit the Communists to cross the Yangtze and take Nanking.
- 4. CHANG blames the Generalissimo's interference in matters he knows nothing about for the Nationalist military debacles, and he believes the only salvation would be the departure of the Generalissimo from China. CHANG sees no prospect of this departure but he believes LI Tsung-jen could still rally a force capable of holding a West China area comparable in size to that held against the Japanese in July 1945 if the Generalissimo left and economic aid continued.
 - 5. As of 29 April 1949 the following Nationalist troops were in Kwangtung Province: The 39 and 109 Armies at almost full strength, with 25,000 men each; the 62 Army with 15,000 men; the 63 Army with 10,000 men; and five provincial divisions of 5,000 men each. The 163 Division of the 65 Army is the only unit of that army left in Kwangtung.
 - 6. The regular troops in Kwangtung are armed and equipped with American weapons sent from Taiwan, including rifles, carbines, towny-guns and machine guns, but no artillery. East of the troops are unseasoned raw recruits who would put up a poor show against the seasoned Communist troops.
 - 7. Canton is garrisoned by about 8,000 men.

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8. Officials of the Ministry of National Defense (MND) in Canton believe that there will be no fighting in Kwangtung Province, but that it will fall within two months, because Canton will surrender if the Communists come within 60 miles of the city.